

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| AN EXAMINATION BY THE PUBLIC SERVICE |) | |
| COMMISSION OF THE APPLICATION OF THE |) | |
| FUEL ADJUSTMENT CLAUSE OF KENTUCKY |) | CASE NO. 10438-B |
| POWER COMPANY FROM MAY 1, 1989 TO |) | |
| TO OCTOBER 31, 1989 |) | |

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 13, 1989 established this case to review and evaluate the operation of the fuel adjustment clause of Kentucky Power Company ("Kentucky Power") for the 6 months ended October 31, 1989.

The Attorney General ("AG"), through his Utility and Rate Intervention Division, was the only intervenor in this case. The AG did not present any witnesses or challenge any evidence or proposals presented by Kentucky Power.

As part of its review, the Commission ordered Kentucky Power to submit certain information concerning its fuel procurement, its fuel usage, and the operation of its fuel adjustment clause. Kentucky Power submitted this information on December 21, 1989. A public hearing was held in this case on February 8, 1990, at which Ronald K. Bird, an official of the American Electric Power Company, and Mitch Thomas, James Irwin and Errol Wagner, Kentucky Power officials, testified.

The Commission has previously fixed Kentucky Power's base fuel cost at 14.28 mills per Kwh.¹ The Commission's review of Kentucky Power's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 12.05 mills in May 1989 to a high of 13.35 mills in August 1989, with a 6-month average of 12.80 mills.

The Commission's review of the record in this case, the coal market conditions during this period, and the data filed in support of the fuel adjustment clause rates indicate that the actual fuel costs included in the monthly fuel adjustment clause filings were reasonable.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Kentucky Power has complied in all material respects with the provisions of Commission Regulation 807 KAR 5:056.

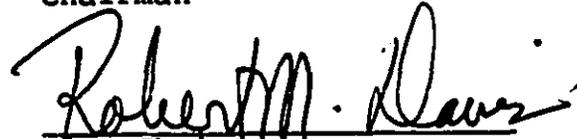
IT IS THEREFORE ORDERED that the charges and credits billed by Kentucky Power through the fuel adjustment clause for the period May 1, 1989 to October 31, 1989 be and they hereby are approved.

¹ Case No. 10438, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 1986 to October 31, 1988.

Done at Frankfort, Kentucky, this 15th day of March, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director